

STATEMENT BY
ASSISTANT SECRETARY OF STATE
FOR
WESTERN HEMISPHERE AFFAIRS
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BEFORE THE
HOUSE COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON WELLNESS AND HUMAN RIGHTS
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Thank you for inviting me to discuss United States policy toward Cuba. I'm delighted to have this opportunity to address this important topic. One point I'd like to make from the start, which relates directly to the challenges to achieving a transition: recent events in Cuba have opened the eyes of many around the world to the true nature of the Castro regime.

The climate is changing dramatically. Just a few days ago, a trendy crowd in Paris, including Catherine Deneuve and Pedro Almodóvar -- was chanting "Cuba sí, Castro no." When the Bush Administration and the French Communist Party

both condemn Castro's repression, you know that Castro is in deep trouble.

How did we get here?

First, President Bush is committed to a rapid, peaceful transition to democracy in Cuba. This Administration has extended more material support and more moral support to the opposition than ever before, and has encouraged our gratifyingly eager European allies to reach out to the dissidents, too. Just last Friday, the President announced several new initiatives, which I will describe in detail, to encourage a transition to a free and democratic Cuba.

The President has dashed Castro's hopes for an accommodation: he has unambiguously pledged to veto embargo-busting bills. Castro's escape route -- using U.S. tourist dollars or direct U.S. financing to prop up his police state -- has been cut off.

Castro also understands that he dare not use the desperation of the Cuban people to flee his tyranny to blackmail the United States. We clearly told the Cubans: "Cuba should understand that any political manipulation of the desire of Cubans to escape from Cuba that results in a mass migration to the United States would be considered a hostile act." No escape, and no blackmail.

That Castro runs a dictatorship which denies Cubans their basic rights was not a surprise to us. But for many, it was a revelation, and one that has helped us all -- Americans, and our allies around the world -- to recognize that we all agree that the Cuban regime has betrayed its people politically and failed them economically. We recognize that the Cuban people will be best served by an end to the dictatorship, followed by a full transition to democracy characterized by open markets and the respect for human rights. Our commitment to helping Cubans achieve genuine democracy is an important unifying concept, drawing us together on an issue more often marked by disagreements.

Growing Multilateral Consensus for Change and Title III

The growing international consensus on the nature of the regime and the need for change plays out in many contexts: many of those who had stood by Castro in those early days have now begun to speak out publicly against the abuses of his regime. Even before the regime's ruthless repression of civil society in March of this year, President Luis Inacio Lula da Silva of Brazil said in late 2002, "Let's not confuse the passion that my generation has for the Cuban revolution and what it represented then

with any approval of the Cuban regime today. I defend religious freedom, freedom for trade unions and political freedom."

Nobel Prize-winning Portuguese novelist Jose Saramago, a dedicated Communist and previously an admirer of the Cuban revolution, put it succinctly in reacting to Castro's crackdown: "This is as far as I go ... to dissent is a right."

The critical factor in the coalescence of this unprecedented multilateral consensus on Cuba was the egregious act of repression which took place in March and April. Rather than detail the injustices of the Cuban regime's repression here, I would direct the Committee to the superb Amnesty International report, "Essential Measures? Human Rights Crackdown in the Name of Security," which is an extremely complete and credible depiction of the mechanism of Castro's brutality. It is important to note that the Cuban regime's actions were not a sign of strength, but of fear -- fear of its own people and fear that it will not survive Castro's demise. As the noted exiled Cuban academic Juan Antonio Blanco recently pointed out, the regime convicted people to lengthy jail sentences for owning a decrepit typewriter to send a simple message: it will treat Cubans who seek their fundamental freedoms

peacefully "with the same implacable rigor with which it smashed earlier armed opposition to the revolution." The Castro regime knows that it is in a fight for its life.

This is a fight that the regime will lose. In their superb analysis and call for action published in the Washington Post on September 21, former eastern European Presidents Vaclav Havel, Arpad Goncz and Lech Walesa, each a product of his own country's progress from repression to democracy, said that, even in the wake of the repression, "the voices of free-thinking Cubans are growing louder, and that is precisely what Castro and his government must be worried about."

That repression provoked our European and some Latin American allies to denounce the regime in some of the most dramatic and compelling terms ever. Latin American nations led the effort at the 2003 Human Rights Commission to win approval for a resolution on Cuba.

As the Committee is well aware, the right of U.S. nationals that own claims to confiscated property in Cuba to bring suit under Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act may be suspended for six month-periods only if the President "determines and reports in writing to the appropriate congressional committees at least 15 days before such effective date that

the suspension is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba." In justifying previous waivers, this Administration has cited the growing international consensus to bring pressure for real change in Cuba and the need to encourage and strengthen that multilateral approach to advance democracy, human rights and fundamental freedoms in Cuba. For example:

- In March, the European Union (EU) condemned the arrests of the 75 Cuban dissidents.
- In both April and in May, the EU's Council of Foreign Ministers condemned the GOC crackdown and called for the immediate release of all political prisoners.
- On April 30, the European Commission decided to postpone indefinitely Cuba's bid to join the Cotonou agreement, a preferential trade pact.
- On June 5, in an action that infuriated the dictator Castro, the EU announced its decision to limit bilateral high-level governmental visits, reduce the profile of member states' participation in cultural events, and invite Cuban dissidents to national-day celebrations.

Individually, governments have taken actions and made statements, too:

- the Italian national assembly called on the government to cut off all assistance to Cuba.
- the Dutch Economic Ministry cancelled an official trade mission to Cuba.
- Spanish Foreign Minister Ana Palacio cited the "very serious human rights violations" in Cuba, causing Castro to shut down the Spanish Cultural Center in Havana.
- United Kingdom Foreign and Commonwealth Office Parliamentary Under-Secretary of State Bill Rammell condemned "the lack of fundamental freedoms and rights in Cuba" and called upon the Cuban government to respect international standards as set out in the Universal Declaration of Human Rights.
- In June, the French Foreign Ministry announced its decision to reassess its cooperation with Cuba in view of the GOC's "violation of the freedoms of expression and opinion," and later announced its decision to seek to aid the Cuban people but not the government -- precisely mirroring the U.S. position.
- The Polish Ministry of Foreign Affairs and Czech Ministry of Foreign Affairs expressed grave concern

over the arrests and called on Cuba to cooperate with the UNCHR.

There have been actions taken in our hemisphere, as well:

- In April, the Inter-American Commission on Human Rights stated its profound concern about violations of Cubans' rights by the regime.
- In May, 17 OAS member states, including 14 of Cuba's Latin American neighbors, issued a declaration citing the arrest and severe sentencing of 75 Cuban citizens who were exercising their fundamental rights.
- Both the Chilean House and Senate passed resolutions opposing the crackdown, as did the Central American Parliament.
- Finally, in April, a coalition of Latin American and European nations sponsored -- and the UNCHR approved -- a resolution on Cuba, reiterating its call for a visit to Cuba by a personal representative of the U.N. High Commissioner for Human Rights. The Cuban government continues to refuse to allow a visit.

I must note with disappointment that two Latin American leaders -- President da Silva of Brazil, and Foreign Minister Bielsa of Argentina -- visited Cuba within the last month and did not meet with the opposition leaders

or publicly address the recent crackdown by the Castro regime. We believe that public recognition of the opposition and open support for democratic development and proper observation of human rights should be an essential part of any such visit to Cuba. To do otherwise sends the wrong message to the dissidents and to Castro and his henchmen.

Unfortunately, the actions - or lack of actions - by Brazilian and Argentine officials during visits to Cuba reflect an ambivalence of many Western Hemisphere nations to the recent repression in Cuba. Given their own struggles for political and civil rights -- for societies built on the law of rule, not the rule of one man or a junta - it is sad that they appear to have turned their back on those struggling in Cuba for rights now codified in the Inter-American Democratic Charter.

As Secretary Powell said so eloquently in Santiago in June, after the OAS General Assembly: "how could we, as a Community of Democracies which has seen what we have been able to achieve in this hemisphere over the last fifteen or twenty years, fail to speak out with respect to what Castro is doing to his people?"

It is my profound desire, and I take as a personal mission, to encourage greater involvement by Latin American

governments in the quest for democracy and development in Cuba, that is consistent with our shared commitment as articulated in the Inter-American Democratic Charter.

Title IV and Foreign Investment Flows

The record on Title IV is equally clear: foreign investment in Cuba is tailing off, partially because Cuba is bad for business, and partially because of the dissuasive impact Title IV has had on potential investors.

As the Committee is aware, the Cuban economy is controlled by the government, which is the dominant employer. The GOC permits only carefully-controlled foreign investment in joint ventures. The economy went into a tailspin when Soviet subsidies were ended, causing the regime to take desperate moves in a period which it qualified as nearly like a state of war. Some limited "elements of capitalism" were permitted.

While the "elements of capitalism," increased remittances and foreign investment in the tourist and mining sectors, permitted the regime to ride out the storm, the economy nonetheless lost 40% of GDP -- a catastrophic depression. Now the regime is busily walking back by withdrawing permits, raising taxes, and staging detailed

"inspections" of these quasi-capitalistic microenterprises. The message is clear: Castro will permit the minimum economic activity to avoid the abyss, but not at the risk of loosening political control.

And it's hurting Cubans. The UN Economic Commission on Latin America (ECLAC), in a study compared in conjunction with at Cuban government think-tank, concludes that Cuba must ease restrictions on small businesses to revive its suffering economy. Cuba needs deregulation in order to be able to achieve real growth, but Castro cannot allow that without ceding decision-making authority.

One regime move which remains in place is its effort to encourage joint ventures, also known as "economic associations," to draw in foreign investors. The record has been extremely poor from the perspective of the investors. Of the 540 joint ventures formed since such endeavors were legalized more than 20 years ago, only 397 remained at the end of 2002. The number of joint ventures formed each year has been steadily declining since 1997, which I don't need to remind this committee is the year after the LIBERTAD Act was passed. To put this in perspective, when the LIBERTAD Act was under consideration, Cuban figures numbered joint ventures in the 360-375 range,

with projections that these would grow at a pace of 50-60 a year. Today, there are 397, maybe an increase of 25 such ventures in the seven years since LIBERTAD's enactment.

It has been estimated by U.S.-based academicians, using the few hard facts which the Cuban regime divulges regarding its economy, that foreign direct investment flows decreased from \$448 million in 2000 to \$39 million in 2001, rising only slightly to \$60 million in 2002. In that year, the Cuban government authorized 24 investment proposals with partners from 13 countries. The value of total foreign investment has been given as US\$100 million, but 10 proposals were effected outside Cuba in third countries. Thus, Cuba directly benefited from only 14 new foreign-investment ventures in 2002, out of a total of 397 ventures in operation.

The trend lines of new foreign investment are dropping, and we believe that one reason why is the continued pressure on foreign firms not to traffic in confiscated property. Certainly we receive regular inquiries from foreign firms about the implications of the legislation, and from U.S. claimants who have been contacted by foreign firms

Another factor is the regime's offensive and hamhanded approach to its foreign investors. We know that European

countries are the biggest foreign investors in Cuba, and that European tourists are the principal foreign visitors to the island. But Castro has gone out of his way to denounce European leaders, especially Spanish President Jose Maria Aznar and Italian President Silvio Berlusconi, in the most insulting of terms -- even though Spanish and Italian investors and tourists rank in the top three of both categories in Cuba.

Europeans are getting tired of this state of affairs, and in July 2002 presented the regime with a coordinated document detailing, point-by-point, the difficulties in doing business in Cuba. For example, the document cited problems in obtaining work and residence permits for foreign workers; noted complaints that the Cubans gave European investors little or no say in hiring Cuban staff, forcing professionally unsuitable workers on the European investors, yet reserved to the regime the right to fire any worker at any time without cause. The regime responded with a blast in the form of a diplomatic note blaming Europe for Cuba's problems -- a foretaste of Castro's reaction when the Europeans dared to criticize his crackdown on the opposition.

U.S. Programs to Promote Democracy and Human Rights

It is clear that with Castro there can be no reform in Cuba. President Bush's Initiative for a New Cuba challenged the Castro government to undertake political and economic reforms. The President made clear that his response to such concrete reforms would be to work with the U.S. Congress to ease the restrictions on trade and travel between the United States and Cuba. For the first time since the Castro regime came to power, the United States offered to match steps toward freedom and more open markets by the Government of Cuba with steps to ease the embargo and travel restrictions. Not surprisingly, the Castro regime rejected this opportunity to help move his country toward a soft landing.

The Administration will not wait for Fidel Castro to show that he is interested in change, because we don't believe that day will come. What we will continue to do is focus on actions designed to accelerate and shape the democratic changes the Cuban people seek. Toward that end, we are:

- Maintaining and augmenting our support for Cuba's growing civil society. Much has been done; we need to redouble

our efforts in this climate of increased repression, bringing in new Cuban and international actors.

- Increasing efforts to break the information blockade
Castro has on the Cuban people. Steps have already been
taken to improve the effectiveness of Radio and TV Marti
through innovative new technical measures.
- Maintaining multilateral and international momentum
 against the regime's abuses and for fundamental change
 that will increase pressure on the regime itself. The
 international consensus that Castro created by revealing
 the true, oppressive nature of his government is the
 single most important new factor in the quest to
 encourage democratic development in Cuba. We will work
 with foreign governments, with regional parliaments, with
 political party internationals, and in all available
 international organizations to make clear the
 international community's insistence on real reform.
- Maintaining our pressure on human rights issues
generally, including by working with like-minded
 governments to adopt a UN Human Rights Commission
 resolution on Cuba which reflects the international
 consensus on Cuba today.
- Raising our profile in the public diplomacy and public
affairs arenas, particularly to transmit our message of

support for the Cuban people for rapid and effective change in Cuba.

- I believe it is critical to augment our outreach to Congress on developments in Cuba and with respect to our policy, and I'm committed to regular discussions with the relevant committees to accomplish this.
- We will continue to work to make sure that travel by Americans to Cuba consistently supports our policy goals. We have begun this process by eliminating and refining license categories. Working with Treasury's OFAC and other involved agencies, we will also seek enforcement actions against those who travel in violation of the law.
- We have taken a number of actions to confront the challenges of Cuban espionage against the United States by insisting that Cuba's representatives here are authentic diplomats and not spies.
- We continue to demand reciprocal treatment for Cuban Interests Section staff, compared to treatment by Cuba of our diplomats in Havana.
- The Administration remains committed to taking concrete steps, using the legal tools available to us, to confront trafficking by foreign corporations in properties confiscated by the regime from Americans.

President's October 10 Speech

There is more. The President spoke on October 10, underscoring his commitment to breaking the information blockade imposed on the Cuban people by the regime. He noted recent innovations that are helping to bring more broadcasts to more Cuban households.

The President also announced three important new initiatives to show our solidarity with the Cuban people and help them to achieve a democratic transition. Those steps included:

- Formation of a Commission for Assistance to a Free Cuba, co-chaired by Secretaries Powell and Martinez and comprised of U.S. Executive Branch agency representatives, to help prepare the U.S. government to provide effective assistance to a free Cuba. The Commission will consider the elements of a comprehensive program to assist the Cuban people to establish democracy and the rule of law, create the core institutions of free enterprise, modernize infrastructure, and provide health, housing, and human services.

- Greater Enforcement of Travel Restrictions: We believe that greater enforcement of travel restrictions will make more certain that permitted travel for Americans (like family visits, humanitarian aid, research) is not abused and used as cover for illegal business travel, to skirt restrictions on carrying cash into Cuba, or tourism. Our concern is that violations of restrictions serve only to funnel funds to the dictator, and our goal is to help the Cuban people while not benefiting Castro's repressive regime. Enforcement agencies will increase inspections of travelers and shipments to and from Cuba and target those who illegally travel to Cuba via third countries or on private vessels.
- Migration: The U.S. Government needs to improve its ability to identify and protect those who face persecution in Cuba and provide them the opportunity to come to the United States safely. Our goal is to see that no Cuban finds it necessary to risk his or her life on the high seas to come to the United States. One consequence of this action should be to increase the number of new migrants admitted from Cuba through a safe, legal, and orderly process. We will undertake a public diplomacy campaign in the U.S. and

Cuba to better inform Cubans about safe and legal migration options. Two related initiatives which I feel strongly about are the need to resume full monitoring of all returned migrants, and the need to hold a new lottery -- whether or not the regime approves -- to replenish the data base of Cubans who wish to leave Cuba legally.

CONCLUSION

This is a crucial time for the cause of a free Cuba. Some of our efforts, like Titles III and IV of the Libertad Act, are bearing fruit. Too, our allies, especially in Europe, see the regime for what it is, and are insisting on democratic change like never before. Even more encouraging is that Cubans of conscience with a commitment to democracy and reform are working day-by-day for change. The Bush Administration will work with you to do everything we can to support them.

The best news is that the crackdown did not crush the opposition, but rather imbued the remaining activists with a new sense of urgency and purpose. Oswaldo Paya has reconstructed his network of civil society activists, and in an act of real defiance, delivered another 14,000

signatures to the regime last week. Oscar Elias Biscet, Marta Beatriz Roque, and Raul Rivero are in jail for daring to think about the future in defiance of a dictatorship trapped in the past. Former East European presidents Havel, Walesa, and Goncz recently wrote about Cuba: "the internal opposition is getting stronger, it has not been brought to its knees by the police round up last March, times are changing, the revolution is getting old and the regime is getting nervous.

Mr. Castro has reason to be nervous in the face of an international community which is confident and united as never before. President Bush is committed to seeing the end of the Castro regime, and the dismantling of the apparatus which keeps him in power. And we are preparing for the day when Castro's regime and its repression are no more.

Thank you for the chance to speak with you today.